

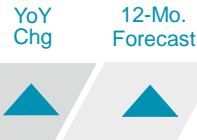
BULGARIA

Retail Q4 2019



11.8%

YoY Income Growth



- 49,995

Population Growth



3.7%

Unemployment Rate



Source: National Statistical Institute

BULGARIAN ECONOMIC INDICATORS Q3 2019

3.7%

GDP Growth



4.6%

Consumer Spending Growth



2.5%

Retail Sales Growth



Source: National Statistical Institute

ECONOMY: Growth Based on Consumption

The Bulgarian economy is expected to reach 3.4% growth in 2019, supported by strong domestic demand and government investments. Retail sales continued to rise over the year, more intensive in the sport goods, drugstores, electronics and home appliances. Underpinned by the favourable market conditions, many occupiers continued their expansion over the year with focus on Sofia and the regional cities.

SUPPLY AND DEMAND: New Brands and Schemes

The opening of one shopping center in Varna and the refurbishment of existing areas in two leading schemes in Sofia were the notable events on the retail market in 2019. With the new supply the shopping center stock increased to 810,700 sqm throughout the country. The new space was rapidly absorbed, reflecting the continuing occupiers' activity and the demand for prime locations. FMCG, affordable fashion, sport goods, drugstores are among the fast-growing categories. Together with already presented brands, newcomers, such as Polish discounter Pepco and Japan based MiniSo are expanding their networks. The last quarter was marked by first stores of the men's wear label Avva, Nespresso and the fast food chain Spartan. The home decoration brand Madame Coco, drugstores Vitalite, Sportisimo, the premium cosmetics brand Kiehl's and the discount fashion chain Kik are scheduled openings in 2020. As a result of this activity, the vacant space in the shopping centers in Sofia went down to about 5% at the end of 2019, starting from 9% a year earlier. Currently, there are no new developments in this segment and the market in the capital and the big cities seems saturated. Given that fact, the fine-tuning of the tenant mixes in the operating schemes will be main source of leasing activity in the coming quarters.

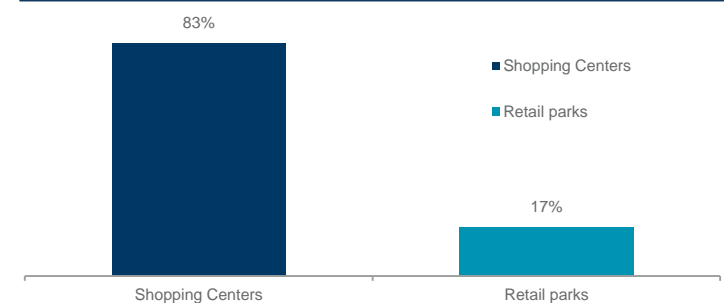
PRICING: Increasing Rents

Following a period of gradual increase, rents in Sofia shopping centers reached 40 euro/sqm at the end of 2019 and the upward trend is expected to continue. The rate is for 100-150 sqm premise at prime location. Despite the lack of large shops, the main streets in Sofia and the big cities remain preferred locations for flagship stores, cafes and restaurants. As at the last quarter of 2019, the asking rents for 100-150 sqm for fashion retailer on Vitoshka Blvd in Sofia are about 58 euro/sqm and are forecasted to slightly increase in the short term.

PRIME RENT SOFIA



AVAILABILITY BY PRODUCT TYPE



MARKET STATISTICS

SUBMARKET	SHOPPING CENTRE STOCK	SHOPING CENTRE PIPELINE*	PRIME RENT (€/SQM)	PRIME YIELD
Sofia	402,270	-	€ 40	7.25%
Plovdiv	75,700	-	€ 30	8.00%
Varna	122,000	-	€ 32	8.00%
Burgas	62,500	-	€ 26	8.00%

*Only projects with building permit included

KEY OPENINGS Q4 2019

PROPERTY	SUBMARKET	TENANT	RSM	TYPE
Mall of Sofia	Sofia	Tezenis	171	New lease
Paradise Center	Sofia	Nespresso	72	New lease
Serdika Center	Sofia	MiniSo	200	New lease
Sofia Ring Mall	Sofia	Mercedes Showroom	280	New lease
Bulgaria Mall	Sofia	Sport Vision	332	New lease
The Mall	Sofia	Avva	270	New lease
Galleria Stara Zagora	Stara Zagora	Billa	1071	New lease
Stand alone retail warehouse	Haskovo	LC Waikiki	914	New lease
Galleria Stara Zagora	Stara Zagora	Spartan	102	New lease
Grand Mall Varna	Varna	Bershka	980	New lease
Delta Planet Mall	Varna	Assics	150	New lease

*Renewals not included in leasing statistics

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